

19. A, B and C are partners in a firm sharing profits and losses in the proportion of 3:3:2. Their balance sheet on 31.12.2019 was as follows:

Liabilities	Rs.	Assets	Rs.
Sundry Creditors	47,500	Bank	55,000
Partners capitals :		Stock	69,000
A → 75,000	2,50,000	Investments	6,000
B → 75,000			
C → 1,00,000			
Partners current a/c		Debtors	70,000
A → 15,000		Land and buildings	1,25,000
B → 25,000		Goodwill	25,000
C → <u>12,500</u>	52,500		
	<u>3,50,000</u>		<u>3,50,000</u>

They decided to dissolve the firm on 1.1.2019. 'A' reports the result of realisation as follows:

Land 2 Buildings →	90,000
Debtors →	60,000
Investments →	5,500
Stock →	75,500
Goodwill →	Nil

The realisation expenses amounted to Rs.2,000 close the accounts of the firm.

20. Explain the procedure to maintain accounts of a branch under stock and debtor system.

APRIL/MAY 2024

**FAIM22B/CAIM22B/BAIM22B —
FINANCIAL ACCOUNTING-II**

Time : Three hours

Maximum : 75 marks

SECTION A — (10 × 2 = 20 marks)

Answer ALL the questions.

1. Write the meaning of Branch accounts.
2. What is partial repossession?
3. What is inferred Goodwill?
4. Give the meaning of Hirepurchase system.
5. Who are unsecured creditors?
6. Define Partnership.
7. What is deficiency account?
8. What do you mean by piecemeal distribution?
9. Write the meaning of department account.
10. When do you prepare revaluation a/c.

SECTION B — (5 × 5 = 25 marks)

Answer ALL questions.

11. (a) Distinguish between branch accounts and departmental accounts.

Or

- (b) Prepare departmental Trading account.

	Dept I	Dept II
Opening stock	50,000	40,000
Purchases	6,50,000	9,10,000
Sales	10,00,000	15,00,000
Closing Stock	1,00,000	2,00,000



Sales of the three departments were as follows.

Department X – 180 units @ Rs.15per unit

Department Y – 1500 Units @ Rs.18 per unit

Department Z – 450 units @ Rs.6 per unit

Other information about stock in the beginning was as follows:

Dept X → 100 units

Dept Y → 400 units

Dept Z → 60 units

Mathi & Co informs you that the rate of gross profits is the same in all departments. You are required to prepare departmental Trading a/c.

18. On 1.1.2019 a firm purchased a truck on instalment system. The cash price of the truck was Rs. 11,175 and payment was to be made as follows:

Rs. 3,000 was to be paid on signing of the agreement and the balance in three instalments of Rs.3,000 each at the end of each year. Interest at 5% is charged by the vendor. The firm has decided to write off 10 % annually on the diminishing balance of the cash price.

Give Journal entries and ledger accounts in the books of the purchaser and Hire vendor.

12. (a) Mr. Mohan purchased a television on hire purchase system on 1.1.2018. He pays Rs. 8000 down on 1.1.2018 Rs. 7,000 on 31.12.2018, Rs.7,000 on 31.12.2019 and Rs. 6,000 on 31.12.2020. Interest is charged at 20% p.a. you are required to calculate total cash price of the television and interest paid with each instalment.

Or

Liabilities	Rs.	Assets	Rs.
Capital		Furniture	12,000
Accounts:			
A	45,000	Machinery	24,000
B	30,000	Buildings	57,000
	<u>1,83,000</u>		<u>1,83,000</u>

They admitted C as a partners on the following terms

- Machinery, building and furniture to be depreciated by 5%.
- Create a provision of 5% on debtors for bad debts.
- A goodwill account be raised in the books at Rs.30,000
- C brings Rs.45,000 towards capital for $\frac{1}{4}$ share of profit. Prepare revaluation account, capital accounts and show the new balance sheet.

17. Mathi and co purchased goods for his three department as follows:

Department X – 200 units

Department Y – 1400 Units

Department Z – 400 units

- Goods are invoiced to a newly opened Branch by the Head office at Rs. 19,200 so as to give 25% on cost. From the following particulars prepare Branch account and find out the profit earned by the Branch.

Credit sales by branch	18,460
Cash received from debtors	12,860
Expenses paid by head office	2,000
Cash sales by the branch	5,000
Stock at end(invoive price)	4,000

13. (a) Sridevi and Hema were partners sharing profit and loss in the ratio of 3:2 they decided to admit Jeyanthi into the partnership and revalue their assets and liabilities as indicated here under:

- To bring into record investment of Rs. 18,000 which had not so far been recorded in the books of the firm.
- To depreciate stock, furniture and machinery by Rs.18,000, Rs.6,000 and Rs. 30,000 respectively.
- To provide for workmen's compensation of Rs. 24,000. Prepare revaluation account.

Or

- (b) Good is valued on the basis of 2 years purchase of average profit of the proceeding three years. The profits of previous three years were; 2014-44,000, 2015-56,000, 2016-Rs.68,000 calculate

- (i) Average profit
(ii) Value of goodwill.

14. (a) What do you understand by Garner Vs Murray rule?

Or

- (b) Lalit, Rahul and Nithish share profits in the ratio 3:2:1 on 31.12.2019, their balance sheet was as follows:

Liabilities	Rs.	Assets	Rs.
Creditors	12,000	Machinery	25,000
General reserve	3,000	Stock	11,000
Capital ;			
Lalit	20,000	Debtors	9,500
Rahul	15,000	Goodwill	13,000
Nithish	10,000	Cash	1,500
	<u>60,000</u>		<u>60,000</u>

On the above date, the firm was dissolved. The assets except cash realised Rs. 60,000. The creditors were settled at Rs. 11,500. Dissolution expenses amounted to Rs. 800. Give necessary ledger accounts.

15. (a) A, B and C were partners in a firm. C died on 28th Feb 2019. His share of profit from the closure of the last accounting year till the date of death was to be calculated on the basis of the average profits of three completed years before death. Profit for 2016, 2017, 2018 were Rs. 55,000, 66,000, and 77,000 respectively. Calculate C's share of profits till his death and pass the necessary journal entry for the same.

Or

- (b) What are the steps to be taken at the time of death of partner?

SECTION C — (3 × 10 = 30 marks)

Answer any THREE questions.

16. A and B are partners. Their balance sheet as on 31st Dec 2018. stood as follows:

Liabilities	Rs.	Assets	Rs.
Creditors	58,000	Cash	4,000
Bills payable	50,000	Bank	56,000
		Debtors	30,000